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FEDERAL COMMUNICATIONS COMMISSION

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )  
Petition of WorldCom, Inc. Pursuant )  
to Section 252(e)(5) of the )  
Communications Act for Expedited )  
Preemption of the Jurisdiction of the )  
Virginia State Corporation Commission )  
Regarding Interconnection Disputes )  
with Verizon-Virginia, Inc., and for )  
Expedited Arbitration )

CC Docket No. 00-218

**REBUTTAL TESTIMONY OF SHERRY LICHTENBERG**

**AND MARJORIE DANIELS**

**ON BEHALF OF WORLDCOM, INC.**

**(Issue IV-56)**

013

September 5, 2001



1 National Consumers Telecommunications Data Exchange (“NCTDE”), board member  
2 for Centralized Credit Check Systems (“CCCS”), and I recently joined the New York  
3 Data Exchange (“NYDE”). These data exchanges’ primary purpose is to create a  
4 centralized repository database for repetitive debtors, and their goal is to assist in  
5 minimizing credit risk for their members. In addition, my position at WorldCom requires  
6 me to develop ways to strategically and effectively collect money from delinquent  
7 customers through automated solutions, and to develop strategies and processes to  
8 minimize credit risk.

9 **Q. Please describe your relevant experience with WorldCom and in the**  
10 **telecommunications industry.**

11 A. I have nineteen years of experience in the telecommunications market, four years  
12 with WorldCom and fifteen years with AT&T. Prior to joining WorldCom, I was Pricing  
13 and Proposals Director for AT&T Government Markets, Executive Assistant to the  
14 President, Staff Director for AT&T Government Markets, and Product Manager for a  
15 variety of business and government products. My special expertise is in testing and  
16 requirements analysis. My WorldCom experience includes conducting market entry  
17 testing for New York, Texas, Pennsylvania, and other states, as well as representing  
18 WorldCom and its subsidiary, MCImetro Access Transmission Services, Inc.  
19 (hereinafter, “MCImetro”), in the Michigan, Illinois, Texas, New York, Pennsylvania,  
20 Massachusetts, New Jersey, Virginia, Florida, and California third party Operations  
21 Support Systems (“OSS”) testing efforts. My AT&T experience includes working on the  
22 development of the System 85 and System 75 (major Private Branch Exchanges

1 (“PBXs”)), product marketing and product management in both the large business and  
2 federal areas.

3 I have over 12 years of experience in the telecommunications market. Prior to  
4 joining MCI, I was Collection Manager and Consumer Loan Officer with Boatmen’s  
5 National Bank in Belleville, Illinois. My special expertise was developing the collection  
6 strategies for consumer loans, in addition to developing business relationships with area  
7 car, boat, RV, motorcycles and mobile homes to buy loan paper. In addition, I performed  
8 credit analysis to determine the credit worthiness of customers seeking an extension of  
9 credit.

10 **Q. What is the purpose of your testimony?**

11 A. In this testimony we will respond to Verizon’s testimony regarding Issue IV-56,  
12 which addresses WorldCom’s proposal that Verizon be required to participate in the  
13 National Consumers Telecommunications Data Exchange (“NCTDE”).

14 **Issue IV-56**

15 *Should the Interconnection Agreement contain provisions requiring Verizon to*  
16 *participate in the National Consumers Telecommunications Data Exchange (“NCTDE”)*  
17 *for exchange of information on subscribers’ payment history?*

18 **Q. Please summarize WorldCom’s position on Issue IV-56.**

19 A. WorldCom believes that the interconnection agreement should contain a provision  
20 requiring Verizon to participate in the NCTDE, which would allow new entrants to obtain  
21 information that Verizon already possesses regarding customers’ non-payment of bills.

22 **Q. Please summarize Verizon’s Direct Testimony on this issue.**

23 A. The members of Verizon’s Business Process witness panel state that they object  
24 to WorldCom’s proposed contract language on this issue. First, they claim that

WorldCom misunderstands the purpose of NCTDE, and that our proposed language would not provide WorldCom with the information it desires. Specifically, Verizon asserts that: (1) WorldCom would not receive general payment history information, but would instead only learn whether the customer had unpaid balances on its account when it terminated service with Verizon; (2) NCTDE participation would not benefit Verizon; (3) WorldCom's contractual language requiring two years of historical information for unpaid closed accounts exceeds the NCTDE requirements; and (4) other information required by WorldCom's proposed language goes beyond what would be submitted to the NCTDE database. In addition, Verizon objects globally to providing any form of credit information regarding its customers' nonpayment of bills. Finally, Verizon has proposed language regarding limitations on a party's ability to refuse to migrate a customer to service from the other party, or disconnect a customer from service from the other party.

**Q. Has WorldCom misunderstood the purpose of the NCTDE?**

A. No. A significant portion of Verizon's testimony appears to rest on its broad reading of the phrase "payment history" as used in WorldCom's statement of unresolved issues. As I attempted to make clear in my direct testimony on this issue, WorldCom's desire that Verizon participate in NCTDE stems from WorldCom's need for information regarding customer non-payment of current local telecommunications service bills. As the Verizon panel concedes, the NCTDE contains information regarding customers whose service was terminated with unpaid balances owed to Verizon. That unpaid customer account ("UCA") data is precisely the type of information that WorldCom seeks.

1           As Verizon’s witnesses admit, the UCA information “facilitate[s] the early  
2   identification of risk accounts from new consumer service applicants whose prior service  
3   was terminated with an unpaid balance.” Carriers with access to this information can use  
4   it for risk management, and may employ several means to protect themselves from the  
5   credit risks that subscribers with such unpaid balances create—e.g., requiring a deposit,  
6   blocking long distance, or establishing alternate payment mechanisms.

7           Verizon already possesses this UCA information by virtue of its status as the  
8   incumbent carrier. Verizon’s witness panel concedes that Verizon maintains a database  
9   containing this information “about its own unpaid accounts.” And in its Response to  
10   WorldCom’s Second Set of Discovery Requests, Verizon admits that “[w]hen an existing  
11   customer orders an additional line, the customer’s existing service is reviewed and the  
12   additional line is assigned the same credit classification as the existing line.” In sum,  
13   because Verizon has historically been the only local service provider in Virginia, when an  
14   existing customer desires new service, it can access that customer’s credit classification  
15   information to assess the credit risks it may incur by granting that customer’s request.  
16   Verizon’s objection to participating in a database in which a more limited subcategory of  
17   such credit information—namely the identification of customers whose accounts were  
18   terminated with unpaid balances—would be shared with new entrants and other carriers  
19   is nothing more than an attempt to retain a competitive advantage that results from its  
20   longstanding monopolization of the local telephone markets.

21   **Q.     Verizon’s witnesses state that Verizon does not benefit from NCTDE**  
22   **participation, and suggests that participation would be too costly. Do you agree?**

1           As I noted in my direct testimony on this issue, Verizon's status as the incumbent  
2 means that Verizon's NCTDE participation at present would largely benefit new entrants.  
3 However, as new entrants gain market share, Verizon will benefit from its ability to gain  
4 information from other carriers. In addition, the consequences of being reported in such a  
5 nationwide database may provide end-users with an incentive to pay the unpaid balances  
6 on their accounts, and thereby benefit Verizon. For example, if a customer learns that  
7 other carriers will require a deposit prior to establishing service because the customer  
8 carries an unpaid balance on a terminated account, the customer may decide to simply  
9 pay the delinquent balance to avoid such impediments on her ability to subscribe to new  
10 service.

11           Although Verizon suggests that the cost of joining NCTDE would be excessive,  
12 the initial membership fee is merely \$2500.00. In addition, despite Verizon's assertion  
13 that NCTDE members pay per order, a new member's first submission of customer non-  
14 payment data is assessed an initial load charge—and not the standard transactional charge  
15 that would be determined by the number of accounts submitted. This greatly reduces the  
16 cost of joining NCTDE. Annual dues vary by year, and have generally decreased since  
17 NCTDE was formed; current annual dues are \$2500.

18 **Q. Does WorldCom's proposed contract language go beyond the requirements**  
19 **of NCTDE?**

20 A. WorldCom's proposed contract language is largely consistent with NCTDE.  
21 However, to the extent that WorldCom's language requests information that is not  
22 affirmatively required by NCTDE rules, the submission of that information would assist  
23 NCTDE participants in assessing credit risks.

1 Further, Verizon's objection to the purported requirement that it submit two years  
2 of historical payment information again stems from its overly broad reading of  
3 WorldCom's proposed language. WorldCom has not requested information on accounts  
4 that have been paid in full, but instead seeks information regarding accounts that have  
5 been closed within the past two years with balances that remain unpaid. This is  
6 admittedly greater than the six months of data that must be submitted for NCTDE  
7 membership, but this more comprehensive submission would simply enhance the  
8 information that NCTDE participants may access.

9 **Q. Is there any basis for Verizon's alleged fear that providing information**  
10 **regarding its customers' unpaid balances would subject it to the Fair Credit**  
11 **Reporting Act ("FCRA")?**

12 A. No. That statute contains an express exemption for the type of information that  
13 WorldCom requests from Verizon. Specifically, the FCRA excludes "any report  
14 containing information solely as to transactions or experiences between the consumer and  
15 the person making the report" from the definition of "consumer reports" that are covered  
16 by the Act. 15 U.S.C. § 1618a(d)(2)(A)(i).

17 **Q. Does WorldCom accept Verizon's proposed language regarding migration**  
18 **and disconnection of service?**

19 A. Yes. The language that Verizon includes at page six of its testimony, regarding  
20 migration and disconnection of service, is similar to the language that appears at the  
21 beginning of WorldCom's proposed section 2.1.4. WorldCom accepts that language, but  
22 continues to object to Verizon's refusal to include language requiring it to participate in  
23 NCTDE or otherwise provide WorldCom with information regarding unpaid accounts.

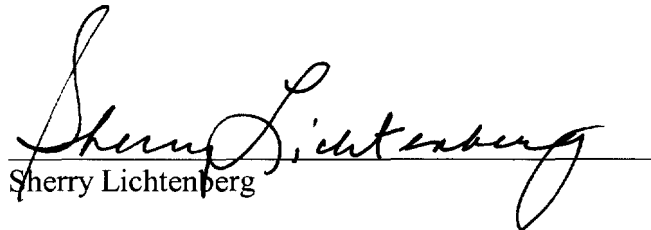


1    **Q.**     **Does that conclude your testimony?**

2    **A.**     **Yes.**

I, Sherry Lichtenberg, hereby certify under penalty of perjury that the foregoing is true and correct.

Executed on September 4, 2001.

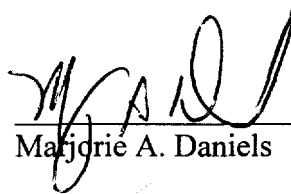
  
Sherry Lichtenberg

District of Columbia, ss:  
Subscribed and sworn to before me  
this 4<sup>th</sup> day of September, 2001

  
Caroline E. Frazier

**MY COMMISSION EXPIRES  
JUNE 14, 2004**

I, Marjorie A. Daniels, hereby certify under penalty of perjury that the foregoing is true and correct.

  
\_\_\_\_\_  
Marjorie A. Daniels

 8/30/01  
\_\_\_\_\_  
Judith C. Bates

Executed on August 30, 2001.

